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C O N F I D E N T I A L KUALA LUMPUR 000679

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TAGS: PREL ELTN SN MY

SUBJECT: MALAYSIA LOSES GAME OF "CHICKEN" WITH SINGAPORE OVER BRIDGE

Classified By: Acting Political Counselor Brian H Phipps for reasons 1.
4 b and d.

¶11. (C) On April 12, the Government of Malaysia announced that Malaysia would abandon its plan to build a new bridge across the Johor Strait between Malaysia and Singapore. When Singapore's leaders had balked at Malaysian plans to replace an existing 82-year old causeway with a new bridge, the Malaysian government announced that they would build a "scenic" half-bridge to join up with Singapore's side of the causeway at the boundary line. This plan, which local MP Nur Jazlan privately described to us as "a game of chicken", had some serious flaws -- it did not take into full account the need to maintain rail links and a water pipeline that supplies the island republic with fresh Malaysian water. Demolishing its own side of the causeway could have put Malaysia in breach of a longstanding bilateral water sharing agreement with Singapore. Malaysia had wanted to build the bridge to improve shipping access to and between the ports of Johor Baru and Port Tanjung Pelepas (PTP), as well as to enrich contractors linked to Malaysia's ruling political coalition. Press reports indicate that the bridge contractors will be paid some 27 million USD in compensation on what was to have been a 300 million USD project.

¶12. (C) Malaysia's government-controlled press was filled with articles justifying the project's cancellation and blaming the move on Singaporean intransigence. Johor state politicians have been vocal in their opposition to supposed Singaporean conditions for agreeing to the bridge project -- free passage through a small area of Malaysian airspace in order to facilitate access to international airspace for military training and exercises, and permission to purchase Malaysian sand for Singaporean land reclamation projects. These influential politicians, including the state's Chief Minister Abdul Ghani Othman, outspoken Backbenchers' Club President MP Sharir Samad, and MP Nur Jazlan owe their local political reputations to standing up to and playing tough with Singapore. While Singaporean tourists in search of bargains make an important contribution to the local economy, the richer, more successful Singaporeans also generate resentment in neighboring Johor. One discordant voice in the chorus of those supporting the decision was Mahathir Mohamad, the former PM, who himself originally proposed replacing the causeway with a bridge in 1996.

LAFLEUR